

IRS News Release

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Everson Chairs International Tax Forum, Emphasizes Enforcement

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WASHINGTON — IRS Commissioner Mark W. Everson has been elected chairman of the Forum on Tax Administration, a panel of national tax administrators that is part of the Paris-based Organisation for Economic Co-operation and Development.

OECD is a coalition of 30 nations committed to democratic governments and market economies. As chairman of FTA, Everson will preside over the group's annual meeting at Seoul, South Korea in September. The Seoul meeting will be attended by representatives of the 30 OECD countries as well as about a dozen observer nations, including China and India. A significant portion of the meeting will be devoted to international enforcement.

"Many of my counterparts in the international tax community have expressed the need for greater cooperation to fight the proliferation of abusive tax practices," Everson said.

Relaxed foreign investment and foreign exchange rules internationally have created a challenge for tax administrators. Recognizing the increasing importance of the strategic management of tax administration issues, the OECD's Committee on Fiscal Affairs established the Forum on Tax Administration in 2002. The FTA held its first meeting in January 2004 in Spain and its second meeting in June 2005 in Ireland; the Seoul meeting will be the group's third session. The FTA aims to promote dialogue between tax administrations and identify good tax administration practices.

"I am extremely pleased to have the opportunity to contribute to the work of the FTA," Everson said. "Tax administration is being increasingly challenged by globalization, the mobility of capital, the immediacy and fluidity of information and knowledge transfer, and the access individuals and businesses have to sophisticated tax planning and, in some cases, tax avoidance advice and products. These developments pose a direct challenge to national tax administrations that act in isolation. In discussing these developments with FTA colleagues, I have been struck by FTA members' strong alignment in recognizing the need to address these challenges."

There have been a number of steps in the last several years to increase international cooperation and improve our treaty relationships as well as the administration of the provisions of our tax treaties.

Earlier this year, the IRS and the tax administrations of nine other countries agreed to the establishment of the so-called "Leeds Castle" Group. Under this new arrangement, the

commissioners of the revenue bodies of Australia, Canada, China, France, Germany, India, Japan, South Korea, the United Kingdom and the United States agreed to meet regularly to consider and discuss issues of global and national tax administration in their respective countries, particularly mutual compliance challenges. This is the first time China, India and South Korea have been included in such discussions.

In addition, the IRS and the national tax agencies of the United Kingdom, Canada and Australia established the Joint International Tax Shelter Information Centre (JITSIC), a joint effort to identify, develop and share information about abusive tax avoidance transactions on a real-time basis. Work at JITSIC has identified abusive transactions that otherwise wouldn't be known to the U.S. and other countries.

Enhanced enforcement, improved taxpayer services and IRS modernization have been Everson's primary agenda items since his appointment as commissioner in May 2003. In the past three years, the IRS has increased the number of audits of the nation's corporations and wealthiest taxpayers.

U.S. citizens, residents and corporations must pay taxes on their global income; non-U.S. residents and corporations are required to pay taxes on their U.S. income.